



Regular Board of Directors Meeting Minutes

June 2, 2021

Board of Directors:

	Vacant, Barton	P	Bill Humphrey, Lyndonville
P	Jonathan Elwell, Enosburg	P	Penny Jones, Morrisville
P	Mike Sullivan, Hardwick	P	Stephen Fitzhugh, Northfield
	Pamela Moore, Jacksonville	P	John Morley, Orleans
P	Meredith Dolan, Johnson	X	Reginald Beliveau, Swanton
P	Thomas Petraska, Ludlow		

X indicates attendance in person, P indicates attendance by phone.

Alternates present:

Lynn Paradis, Swanton (P)	

Others present:

Ken Nolan, VPPSA - (X)	Crystal Currier, VPPSA - (P)	Amy Parah, VPPSA - (X)
Melissa Bailey, VPPSA - (P)	Kim Lyon, VPPSA (P)	Julia Leopold, VPPSA - (P)
Alex Nicholson, VPPSA - (P)	Ken St. Amour, VPPSA - (P)	Shawn Enterline, VPPSA- (P)
Steve Farman, VPPSA-(P)	Heather D'Arcy, VPPSA-(P)	James Gibbons, BED (P)
Amanda Simard, VPPSA-(P)		

Numbers in bold type correspond with agenda item numbers:

- 1.** Chairman Beliveau called the meeting to order at 9:32a.m.
- 2.** Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. No changes were made.
- 3.** Chairman Beliveau asked if there were public comments and/or individuals who would like to address the Board. There was no public in attendance.
- 4.** Director Fitzhugh made a motion to accept the minutes of the Regular Board of Directors meeting held on April 7, 2021. The motion was seconded by Director Humphrey. Motion approved.

5. Director Fitzhugh made a motion to accept the minutes of the Regular Board of Directors meeting held on May 5, 2021. The motion was seconded by Director Humphrey. Motion approved.
6. Director Jones made a motion to accept the Treasurer's report as of April 30, 2021. The motion was seconded by Director Morley. The Controller provided a brief update related to the operational budget vs. actual summary of VPPSA's operational costs for the period ending April 30th. The financial results indicate operational expenses being under-budget by approximately 7.2%. This includes payroll and overheads that are under-budget by 1.6% and office supplies and expenses that are under-budget by approximately 17.8%. The primary drivers related to the under-budget results include: website, conferences & travel expenses, legal, other consulting and interest. These costs are offset by over-budget results by insurance, audit & computer software (primarily annual cyber security costs).

The motion to approve the Treasurer's report for the period ending April 30, 2021, was approved.

7. The General Manager and Heather D'Arcy, VPPSA's Power Analyst, provided a brief update on the Forward REC Sales/Purchases. Ms. D'Arcy noted that we received outreach in the past week from one of our main REC brokers warning us that he was seeing significant softening of the future Massachusetts REC markets. He recommended that VPPSA consider selling forward due to these developments. VPPSA has historically only sold RECs within approved budget years, so selling forward to capture value during the period when prices are anticipated to begin dropping would require a change to that procedure. Staff believes consideration of selling a portion of anticipated RECs for up to 5-years in advance would be warranted.

Director Fitzhugh made a motion to approve VPPSA staff to transact RECs during a 5-year forward period projected in each member yearly power budget to minimize the risk of missing projected budget targets, the motion was seconded by Director Humphrey. Motion approved.

8. The General Manager provided an update on VPPSA's Pension Administration. Several months ago, staff informed the Board that we evaluated alternatives to VPPSA's existing pension administrators due to concerns with the effectiveness of the services being provided. Fidelity appeared to be the best proposal and Ms. Currier has been working with Fidelity to prepare for the move, until 3 weeks ago. Fidelity realized that VPPSA was a governmental entity and that they could not provide the service they originally proposed. As a result, staff has effectively stopped the move to Fidelity. Separately, Future Planning Associates responded to the previously expressed concerns by bringing forth a new proposed structure that if felt would address VPPSA's concerns. Staff has begun reviewing the Future Planning Associates' proposal which includes Future Planning Associates remaining as third-party administrator and handling the required regulatory filings. NFP, based in South Burlington would be replacing Poulos Advisors and Ascensus would become the fund trustee/custodian. VPPSA's fees would be similar to today's but the charges incurred by plan participants will drop by roughly 60%. The General Manager expressed that, absent Board concerns, staff intended to move ahead with the Future Planning Associates proposal. The Board did not express any concerns, so staff will proceed.
9. The General Manager provided an update on VPPSA Management Services. Ms. Currier continues to manage the Barton office, not just the electric utility but other departments as well. Ms. Currier is now excluded from the Barton Executive sessions with VEC. Staff has begun discussions with VEC about transitional issues and has received communication from Barton's attorney asking for several documents to evaluate the transaction. VPPSA has entered into a non-disclosure agreement with VEC. The General Manager shared with the board that Orleans trustees made a public announcement, they are interested in purchasing the Barton Electric Utility. Barton has indicated they have an exclusivity agreement with VEC and can't hold any conversations with Orleans until at least July 15th.

A draft contract has been sent to Jacksonville to provide management services for them. The General Manager will be attending the next Trustees meeting to discuss the agreement. As of June 15th, we fully expect to be managing the utility with Steve Farman, VPPSA's Manager of Planning & Support Services, running point.

As several members are facing staffing challenges, this will be a significant discussion at the July Retreat. The General Manager has been reaching out to other JAA's to discuss services they provide.

- 10.** Shawn Enterline, VPPSA's Senior Power Analyst, provided a brief review of the Highgate Falls Load Reducer. As of June 1st, Highgate Falls left the ISO-NE wholesale markets and became a behind the meter generator. VPPSA staff has been working with the Highgate Hydro operators to get the highest efficiency and power production with the most value.
- 11.** Ken St. Amour, VPPSA's Manager of Information Technology & Security Services, provided a brief AMI update on the cost/benefit analysis. First drafts have been completed for most member systems with the remaining systems to be completed in the next week or so. Allen Stamp is still working with Aclara to develop Terms and Conditions for the contract, based on decisions made during the Ownership Model meeting held in May. VPPSA is expected to see a new draft of the Statement of Work next week. VPPSA's legal counsel has begun work on the agreements between VPPSA and the members to support the AMI project. More details will be available in July/August timeframe to move toward final decisions.
- 12.** Melissa Bailey, VPPSA's Manager of Government Relations, provided a Legislative and Regulatory update. The 2021 Legislative session ended on May 21. The final budget that was passed by the legislature includes \$40 million in investments in weatherization, clean energy, and energy efficiency. The legislature also set aside several million dollars to implement Climate Council recommendations that are due in December/January. There was some discussion on weatherization and the lack of low-income participation.

On the Regulatory front, the utilities must start assessing the EEC Rates on gross usage for net metering customers starting July 1st. Ms. Bailey asked that Board members reach out to VPPSA staff with any concerns they have regarding implementing this change. The workshop in the proceeding to investigate low-income rates for residential electric customers has been postponed until July 8th. Ms. Bailey also reminded the Board, that the Disconnect Moratorium has been extended through June 30th and that the Public Utility Commission (PUC) is requiring the utilities report by June 15th how they will engage with customers to resolve outstanding, past-due balances after the moratorium ends. VPPSA is considering filing a joint response. There was a brief discussion on the moratorium and disconnections.

Ms. Bailey noted that Riley Allen, former Deputy Commissioner at the Department of Public Service (DPS) has been appointed to the PUC to replace Sarah Hoffman.

- 13.** Julia Leopold, VPPSA's Communication Specialist, provided an overview on the RES Tier 3 Project activities. The DPS reviewed VPPSA's changes and approved our 2020 Tier 3 Savings claim. Ms. Leopold informed the Board that for the Prescriptive 2021 Tier 3 program, VPPSA is submitting a revised 2021 Annual Plan to the PUC including incentives for yard care items purchased on/after July 1, 2021, and a Pilot for point-of-sale electric vehicles, also beginning July 1, 2021. Ms. Leopold also provided an update on the completed Line extension project in Hardwick and other custom projects in progress in several member territories.

Looking ahead to the 2022 Tier 3 Program Planning, it is likely the electric vehicle incentive will move to a point-of-sale discount following our 2021 pilot and ground source heat pumps are on the table for consideration as a new 2022 measure. A handful of utilities are already rolling out

this program alongside Efficiency Vermont beginning this summer. Ms. Leopold reminded the Board that the Tier 3 savings requirement increases each year.

- 14.** Alex Nicholson, VPPSA's GIS Technician, provided an update on the activities of the GIS project. Mr. Nicholson has continued working on developing standardized schema using Lyndonville as the template and is nearly ready to discuss with the GIS working group. Work also continues with developing symbology for the maps, and on requested maintenance updates for members. Mr. Nicholson has been coordinating with Christine Hallquist related to data collection for the NEK Communications Utility District (CUD) and Lamoille CUD to see if joint collection could help VPPSA fill gaps for some member territories.
- 15.** Project #10 Update - The General Manager provided a brief update on the activities at Project 10.
 - a. Backup Generator - The switchgear was installed this past week and all of the wires are pulled. A slight issue surfaced regarding conduit resulting in a roughly \$7,000 change order but still within the contingency budget. The generator delivery is imminent and once onsite only the connections need to be completed.
 - b. Building Addition - The building addition is proceeding with Dave Gagne coordinating with site-work vendors. Dave DeSimone is working with ECI and the building manufacturer to complete detailed drawings. ECI is still anticipated to pour the concrete pad and the pilings in June. The building is under construction and still on track to be delivered in August/September with a completion date of October.
 - c. Property Insurance/Overhaul - Staff is proceeding to hire a third-party turbine firm to review the historical borescope results, perform an inspection and provide a written assessment of the need to proceed with an overhaul. Dave DeSimone and Dave Gagne have been in discussions with MD&A, the company that performed VPPSA's last borescope, to develop a scope of work for one of the turbine engineers to oversee a complete detailed inspection of the turbines to respond to the insurance company concerns. Based on their initial review of past borescopes and runtime data the MD&A does not see a compelling reason to do an overhaul but feel a thorough inspection is warranted.

In conclusion, operationally the plant continues to operate well. The black start test was completed without incident, and the new control software worked as expected. The next test will be in early June.

- 16.** The General Manager provided a brief update on several topics, including:
 - 1) Re-Opening - VPPSA office remains on track to re-open after the July 4th holiday. VPPSA staff has been updating their flexible schedule arrangements as part of the return-to-work process. With this work-from-home flexibility the General Manager is requiring a series of items: being in the office a minimum of 2-days per week, reliable internet, establishing a home office, participating in company activities, and a professional appearance.
 - 2) Board Retreat - The Board Retreat is on July 19th beginning at 9:30am at West Hill B&B in Warren, Vermont. Primary topics will be around how to address the regulatory, staffing and customer pressures on members, and what role VPPSA should be playing in helping to alleviate those pressures in the future.
 - 3) Phase I Lease - FERC just approved the 20-year extension of the Use Rights contracts. VPPSA is coordinating with BED to jointly lease the member owned Phase I transmission capacity.

- 4) McNeil District Energy - BED is continuing to move forward with the District Energy concept contemplating using steam from McNeil to supply heat and other needs to the UVM Medical Center. VGS has joined the arrangement and committed to be the intermediary with the hospital. VGS is trying to position themselves as a broader energy provider and sees this opportunity as a natural fit. Under the arrangement, the McNeil Joint Owners would sell steam to a new non-profit entity managed by Evergreen Energy. The new entity managed by Evergreen would own the district heating infrastructure and would sell the delivered steam to VGS at the UVMMC site. VGS would then resell "heat" to UVMMC and work with them to determine when they use steam from the district energy system versus when they use onsite natural gas boilers to meet their needs. VGS would then be able to use this to meet its internal renewable goals and any incremental costs not directly covered by the hospital can be spread across the entire customer base and district energy "RECs" can be sold to other customers. BED has run a number of tests and is working with the DPS to determine whether the project qualifies for Tier 3 RECs under the Renewable Energy Standard (RES). Weekly conversations are ongoing to figure out what the Joint Owners need to be comfortable, making sure the plant isn't adversely affected. This has moved to the contract negotiation phase and will be a standing item at future board meetings.

17. Board Member Updates

Director Jones asked how other members were handling re-opening. There was a short discussion regarding staff coming back to the office, the reopening of offices to the public and mask wearing.

18. Executive Session

None

19. Other Business

None

Director Jones motioned to adjourn, seconded by Director Humphrey. The meeting was adjourned at 12: 25p.m.

Respectfully submitted,

Amy Parah

Amy Parah, Assistant Secretary